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FM USEU BRUSSELS
TO RUEHC/SECSTATE WASHDC PRIORITY
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUCNIRA/IRAN COLLECTIVE PRIORITY
RUEHGG/UN SECURITY COUNCIL COLLECTIVE PRIORITY
RUEAIAO/HQ ICE IAO WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHMFISS/HOMELAND SECURITY CENTER WASHDC PRIORITY
RUEAWJA/DEPT OF JUSTICE WASHDC PRIORITY
RHEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC PRIORITY
RUEAORC/US CUSTOMS AND BORDER PROTECTION WASHINGTON DC PRIORITY
RHMFISS/FBI WASHINGTON DC PRIORITY
RUCPDOC/USDOC WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUEKJCS/DOD WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 BRUSSELS 000920

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STATE FOR EAP, ISN/CPI (MFELIPE), IO, USUN, EEB, EUR/ERA,
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TREASURY FOR TFFC, OFAC, OIA, AND FINCEN

E.O. 12958: DECL: 07/05/2019
TAGS: ECON EFIN EWWT FAIR PARM PREL KNNP MNUC MTCRE
KHLs, UNSC, PINR, EUN
SUBJECT: EU AND NORTH KOREA

REF: A. STATE 66250
 1B. STATE 65483
 1C. BRUSSELS 903
 1D. VIENNA 807

Classified By: USEU Econ Minister-Counselor Peter H. Chase for reasons
1.4 (b) and (d).

11. (U) Action Request: Please see paragraphs 4-5.

12. (C) SUMMARY: USEU shared Ref A and B points with
Commission and Council General Secretariat functional,
regional, and technical experts. Commission sanctions
experts request additional information about how the USG will
implement the UN provisions related to bunkering services,
high seas inspections, and luxury goods. Contacts are unsure
whether the European Union will circulate the FinCEN advisory
EU-wide, or issue a similar version of their own. Robust EU
implementation of UNSCR sanctions against the DPRK could set
a new precedent in EU sanctions policy. Consequently,
forthcoming EU deliberations on the DPRK must be seen in the
context of the larger disagreement among member states on
Iran proliferation-related sanctions. Due to the August
recess, the EU Council must take action in July or September
to complete the necessary legislation. END SUMMARY.

State of Play on UNSCR 1874 and EU

13. (C) The EU Council's External Relations (RELEX) Working
Group is developing a Common Position to implement UNSCR
1874. This will be followed by a Council Regulation for the
European Community competency aspects, which the Commission's
services are discussing internally. Due to the August
recess, the EU Council must take action in July or September
to complete the necessary legislation. The EU is considering
whether to take a "strict or robust" approach to UNSCR 1874
(the Council pledge notwithstanding), expand its current list
of banned luxury goods, add additional autonomous
designations, or further embargo additional industrial goods.
They are also considering how to handle the vigilance
questions (which must be detailed in specific requirements to
provide certainty for EU companies) and approach the measures
against bunkering services. North Korean air carrier, Air
Koryo, is already black-listed by the EU for safety reasons.

Request for Further U.S. Information

14. (C) The Commission sanctions staffer coordinating
development of the EC approach to UNSCR 1874 asked whether
the USG could provide additional information about our
approach to the following aspects of UN measures:

-- what is included on the U.S. embargo list?
-- how do we handle the luxury goods? (See also Ref D.)
-- do we embargo industrial goods beyond UN measures?
-- how do we handle any WTO implications?

15. (SBU) ACTION REQUEST: USEU requests Washington guidance
in response to the above questions. END ACTION REQUEST.

DPRK: EU Careful Not to Set an Iran Precedent?

16. (C//NF) A UK contact (protect) cautioned that "certain EU members are against financial measures against banks. If you push them for more, you end up with less." The European

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Council's statement was aimed to provide the Council working bodies with a direct tasking to ease the negotiation process.

Our contact noted that EU Member States are acutely aware that any new steps against the DPRK could set a precedent for any future proliferation-related sanctions against Iran. Therefore the UK expects great resistance in the current negotiations over how to handle UNSCR 1874 from those who will argue that "this is 'only' North Korea," and avoid taking too robust measures as a result. Germany has been more forward-leaning recently, but the September elections leave great uncertainty for Germany's senior levels.

17. (C//NF) Council Secretariat Director for America, UN, Human Rights and Counter-Terrorism Marek Grela said the EU's June 15 External Relations Council (GAERC) had discussed the question of searching vessels on the high seas. The problem was "the same for DPRK and Iran: collaboration with Russia and China is difficult," but easier in the case of North Korea. Grela predicted that China's diplomacy would be less visible to avoid being seen as following the West, but would act to prevent DPRK proliferation as the regional implications were not in China's strategic interest.

The Problem of Issuing FATF and FinCEN-style Advisories to EU Internal Market

18. (C) Several contacts expressed doubt that the EC will issue a document similar to the FinCEN advisory, let alone circulate the U.S. FinCEN document to the European financial services sector. However, the Commission's working party on money laundering and terrorist financing issues will discuss this proposal. Contacts say this is still regarded as an action for national competent authorities, despite our arguments that DPRK poses a jurisdictional risk for the collective EU internal market. Privately, some EU officials concede this could be a useful exercise at the EU level.

19. (C//NF) Philippe Pelle (Deputy Head of Company Law, Corporate Governance, and Financial Crime, DG MARKT) notes that EUMS remain divided over issuing EC-wide statements in support of FATF or similar statements. First is the qugh the wor of EU istitutional legal competence. DPRK and Iran are viewed by DG MARKT and some EUMS as primarily questions of Common Foreign and Security Policy, i.e. "Second Pillar," led not by the Comission but by the Council. "Countermeasures" come close to "sanctions," which are first he ries for EU. So far EUMS are only lukewarm to these ideas.

110. (C//NF) David Wright (protect), Deputy Director General of the Commission's DG Internal Market (MARKT), suggests that the U.S. could try to use France, Germany, Spain, and Italy's growing G20 interest in questions of non-cooperative jurisdictions on taxes and money laundering to as a quid-pro-quo for getting more forward-leaning statements out at EU level. The USG could support their interests but press for these countries to secure EU-wide statements following up on FATF or similar actions. He singled out these four countries as targets for U.S. lobbying on any important

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foreign affairs issues with implications for EU action.

111. (C//NF) Commission External Relations sanctions staffer Stephane Chardon (protect) predicted that the EC is unlikely to issue a FinCEN-style advisory on DPRK because it is not an overt requirement to the financial sector. The national financial jurisdictions are better suited to have less formal conversations with their respective industries.

112. (C) COMMENT: USEU considers that an EU-wide FinCEN-style advisory could be done in conjunction with the Commission and Council working groups' follow up to the June 18-19 European Council mandate to "robust" and "swift" implementation of UNSCR 1874, calling attention to the jurisdictional risks posed for the EU internal market by DPRK. However, a follow up demarche may be necessary to all 27 EU Member States and the EU institutions if the USG wishes to press specifically for an EC-level financial sector advisory, beyond what some Member States may do at national level. END COMMENT.

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